

## Message Text

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62

ACTION AF-18

INFO OCT-01 EUR-25 ISO-00 IO-14 NEA-11 PM-07 NSC-10 SPC-03

SAM-01 SS-20 RSC-01 EB-11 FEA-02 TRSE-00 SCI-06

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FM USINT ALGIERS

TO SECSTATE WASHDC 0103

INFO USMISSION USUN

AMEMBASSY JIDDA

AMEMBASSY LONDON

AMEMBASSY PARIS

S E C R E T ALGIERS 0286

E.O. 11652: GDS

TAGS: ENGR, AG

SUBJ: BOUMEDIENE'S VIEWS RE WASHINGTON ENERGY CONFERENCE

1. DURING 45 MINUTE AUDIENCE WITH PRESIDENT BOUMDIENE FEBRUARY 7 (AT HIS REQUEST) HE SAID HE WISHED TO GIVE USG HIS FRANK VIEWS RE WASHINGTON ENERGY CONFERENCE. WE ARE, HE SAID, AGAINST MEETING OF BIG CONSUMERS. IT WOULD HAVE BEEN PREFERABLE TO HAVE CHOSEN ANOTHER APPROACH WHICH WOULD HAVE ADDRESSED REAL PROBLEMS.

2. BOUMEDIENE ARGUED THAT AS A PRODUCING COUNTRY ALGERIA HAD VITAL INTERESTS IN ENERGY FIELD WHICH IT HAD TO TAKE INTO CONSIDERATION. ALGERIANS HAD IMPRESSION WASHINGTON CONFERENCE WAS AIMED AGAINST OTHERS, PARTICULARLY IN CONTEXT OF "MENACES" FROM VARIOUS QUARTERS. (I INTERRUPTED TO NOTE THAT SO-CALLED MENACES HAD BEEN DISTORTED BY ALGERIAN PRESS.)

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3. BOUMEDIENE THEN IN MORE RELAXED TONE EXPLAINED THAT ALGERIA HOPED WAY WOULD BE FOUND TO HARMONIZE ECONOMIC RELATIONSHIPS. HE ASKED THAT HIS SUGGESTION BE CONVEYED TO PRESIDENT NIXON THAT EFFORT BE MADE IN WASHINGTON MEETING "TO AVOID NEW QUARRELS" AND TO DIRECT WORK OF MEETING TOWARD POSITIVE GOALS. IN THIS CONTEXT HE MENTIONED HIS INITIATIVE IN CALLING FOR A SPECIAL SESSION OF THE UNGA TO DISCUSS WORLD ECONOMIC RELATIONSHIPS AND PRICES OF ENERGY AND RAW MATERIALS. HE MADE NO OTHER REFERENCE TO UNGA.

4. IN REPLY I UNDERTOOK TO CONVEY MESSAGE TO WASHINGTON AND ADDED THAT IT WAS REASSURING TO DISCOVER THAT HIS MISGIVINGS ABOUT WASHINGTON CONFERENCE SEEMED TO BE BASED ON MISCONCEPTIONS RE CONFERENCE'S GENESIS AND PURPOSE. I REFERRED TO THE SECRETARY'S ADDRESS OF FEBRUARY 6 AND OTHER OFFICIAL STATEMENTS WHICH HAD MADE IT CLEAR THAT THERE WAS NO INTENTION OF ORGANIZING A GROUP FOR PURPOSE OF CONFRONTING PRODUCERS. CONFERENCE HAD BEEN CALLED AT TIME WHEN OIL PRICES WERE INSTABLE, THREATENING WORLD ECONOMY AND PLACING SPECIAL RESPONSIBILITY ON MAJOR CONSUMERS OF ENERGY.

5. BOUMEDIENE NOTED THAT ENERGY CRISIS HAD HELPED POSITION OF US DOLLAR. WHILE PRICES MIGHT CAUSE PROBLEM FOR PRODUCERS WHO COULD NOT SPEND PROCEEDS, THIS WAS NO PROBLEM FOR ALGERIA. HE WAS IN FAVOR OF STABILIZING OIL PRICES BASED, AS HE SAID WITH A SMILE, ON CAPITALIST MARKET. HE SAID ALGERIA COULD HAVE NO OBJECTION IF SAUDI ARABIA INCREASED ITS OIL PRODUCTION SINCE ALGERIA WOULD DO SAME THING IF IT COULD. HE HAD GIVEN ORDERS TO SONATRACH TO HONOR CONTRACTS AND NOT PLACE ALGERIAN OIL ON AUCTION BLOCK. WHAT HE WOULD OPPOSE, HE ADDED WITH EMPHASIS, WAS ANY ATTEMPT TO SET PRICES ON A POLITICAL BASIS SINCE THIS WOULD INVOLVE FORM OF POLITICAL COERCION.

6. COMMENT: WITH BOUMEDIENE, AS WELL AS OTHER ALGERIAN OFFICIALS WITH WHOM WE HAVE DISCUSSED  
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WASHINGTON CONFERENCE, IT WAS EASY ENOUGH TO REFUTE ALGERIAN OBJECTIONS TO CONFERENCE BUT HARD TO KNOW WHETHER THEIR DEEP SUSPICIONS WERE OVERCOME. IN FACE OF HIS SKEPTICISM I ASKED BOUMEDIENE TO RESERVE JUDGMENT ON WASHINGTON CONFERENCE UNTIL HE HAD SEEN RESULTS. THOUGH IT IS LIKELY THAT HIS OPPOSITION TO CONFERENCE IS PARTLY TACTICAL IN PREPARATION FOR SPECIAL UNGA SESSION, HIS CHIEF

CONCERN SEEMED TO BE THAT CONFERENCE MIGHT LEAD  
TO SUBSTANTIAL REDUCTION IN  
OIL PRICES AND ALGERIAN INCOME.  
EAGLETON

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## Message Attributes

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**TAGS:** ENRG, AG, (BOUMEDIENE, HOUARI)  
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**Type:** TE  
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